

Message Text

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DRAFTED BY EA/EP:RHIMUS:SJB

APPROVED BY EA:LEEDMOND

EA/IMS - E. INGRAHAM (DRAFT)

EB/EWT - R. PRACHT (DRAFT)

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EB/IFD/OIA - R. SMITH (INFO)

EA/EP - A. GEBER (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY SINGAPORE PRIORITY

LIMITED OFFICIAL USE STATE 160620

E.O. 11652: N/A

TAGS: EFIN, SN, VN

SUBJECT: AMOCO SINGAPORE REFINERY AND SOUTH VIETNAM

REFS: (A) STATE 154875 (B) SINGAPORE 2886

1. AS REPORTED REFTEL AMOCO VP HARGENS ACCOMPANIED BY LEGAL COUNSEL CALLED AT DEPARTMENT TO EXPLAIN PROBLEM VIS-A-VIS SUPPLYING REFINED PRODUCTS FROM THEIR SINGAPORE REFINERY. HARGENS CONFIRMED THAT SINGAPORE OPERATION IS JOINT VENTURE BETWEEN AMOCO, ANOTHER AMERICAN FIRM (SUMMIT), AND THE SINGAPORE GOVERNMENT, WITH MINOR JAPANESE PARTICIPATION AS WELL. AMERICAN INTERESTS OWN ABOUT 65 OF THE OPERATION AND HOLD KEY MANAGEMENT POSITIONS.

2. IN MEETING WITH DEPUTY ASSISTANT SECRETARY EDMOND, HARGENS AND LAWYERS EMPHASIZED THAT THUS FAR QUESTIONS LIMITED OFFICIAL USE
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FROM SINGAPORE OFFICIALS ON MATTER HAD BEEN AT WORKING LEVEL BUT THAT MATTER IN HARGENS' VIEW WOULD SOON BE TAKEN UP BY FOREIGN MINISTRY WITH EMBASSY. WE EXPLAINED TO HARGENS THAT HIS UNDERSTANDING OF FOREIGN ASSETS CONTROLS

WAS CORRECT: ANY TRANSACTIONS BY AN AMERICAN FIRM WITH SOUTH VIETNAM ARE ILLEGAL. HOWEVER, WE ASSURED HARGENS

THAT WE WERE FULLY AWARE OF THE ISSUES WHICH PROBLEM OF CONFLICTING JURISDICTIONS RAISES AND WERE SYMPATHETIC WITH HIS DIFFICULT POSITION. AT THE SAME TIME, WE COULD NOT FORESEE ANY EXCEPTION BEING GRANTED TO PERMIT SUCH TRANSACTIONS EASILY WITHIN THE IMMEDIATE FUTURE. HARGENS SAID HE WOULD CONVEY THE SUBSTANCE OF THE CONVERSATION TO HIS CONTACTS IN THE SINGAPORE FINANCE MINISTRY, EMPHASIZING THAT HIS HANDS ARE TIED AND THAT ANY FURTHER MOVES IF ANY ARE UP TO THE GOS.

3. ALTHOUGH, AS STATED REFTEL, WE WOULD PREFER THAT YOU DO NOT YOURSELVES RAISE MATTER WITH GOS, YOU SHOULD BE PREPARED IF QUERIED TO EXPLAIN THAT AMERICAN COMPANIES BOTH IN US AND ABROAD MUST UNDER OUR LAW COMPLY WITH FOREIGN ASSETS CONTROL RESTRICTIONS IN FORCE AGAINST SOUTH VIETNAM, AND THAT WE FEEL WE HAVE LEGITIMATE RIGHT TO DISCOURAGE U.S. FIRMS FROM PARTICIPATING IN COMMERCIAL TRANSACTIONS WITH STATES WHICH WE FEEL ARE PURSUING POLICIES OPPOSED TO OUR NATIONAL INTERESTS. AT THE SAME TIME, HOWEVER, WE FULLY RECOGNIZE THAT IN SUCH CASES CONFLICTS MAY ARISE WITH THE REGULATIONS AND POLICIES OF THE COUNTRIES IN WHICH THE AMERICAN FIRMS ARE LOCATED, PARTICULARLY WHEN THE AMERICAN COMPANY IS INCORPORATED AND OPERATES UNDER LOCAL LAW. AS SUCH CASES CLEARLY INVOLVE PRINCIPLE OF CONFLICTING NATIONAL JURISDICTIONS OVER A PRIVATE ENTERPRISE, WE WOULD BE PREPARED ON CASE BY CASE BASIS TO DISCUSS PROBLEM DIRECTLY WITH HOST GOVERNMENT. WE WOULD HOPE IN THIS REGARD THAT THE GOS WOULD RECOGNIZE THE PROBLEM OF THE CONFLICT AND WOULD SYMPATHETICALLY VIEW OUR POSITION.

4. GIVEN SENSITIVITY OF THIS ISSUE, WE HAVE ADVISED HARGENS TO KEEP IN CLOSE TOUCH WITH THE EMBASSY, WITH THE EXPECTATION THAT YOU IN TURN WILL KEEP US FULLY LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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INFORMED OF ANY NEW DEVELOPMENTS. WE ARE ALSO, OF COURSE, ANXIOUS TO KNOW OF ANY DEVELOPMENTS WHICH MAY OCCUR ON THE RELATED PROBLEM OF CAMBODIAN AND VIETNAMESE BANK ACCOUNTS HELD BY AMERICAN FINANCIAL INSTITUTIONS IN SINGAPORE. KISSINGER

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